

Practitioner Hot Topics

**Kerstin Lanser
Sr Stakeholder Liaison**

**Small Business/Self-Employed Division
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Hot Topics

- Federal tax deposit coupons
- LLCs – change for SMLLCs
- Identity theft
- New K-1 filing deadline
- Discontinue Forms 94X and 1040ES when taxpayer e-files
- Online payment agreements
- Preparer penalties
- Foreclosure/ forgiveness of indebtedness
- Net operating loss
- Automated Underreporter
- Tax Updates



Federal Tax Deposit Coupons

- Visit local Taxpayer Assistance Center
- Call 800-829-4933
- Write to the IRS National Distribution Center
- Same-day wire transfer



Benefits of EFTPS

- Fast, easy, convenient
- Secure
- Free
- Flexible
- Available 24/7



Resources

- Publication 15 - Circular E
- Publication 3151
- Federal Tax Deposits
- Pay Your Taxes Electronically - Use EFTPS
- What are FTDs and why are they important?



LLCs

Change in Regulations for Employers who are SMLLCs

- Corporation - Election
- “Disregarded Entity” - SMLLC –
No Election



Employment Taxes

- No employees
 - No EIN needed
 - Not an employee
 - Treated as self-employed
- Employees
 - Two reporting options
 - EIN needed
 - Single member responsibility



Employment Tax Changes

- Final regulations (T.D. 9356) –
- Employee tax obligations for “Disregarded Entity”
 - SMLLC responsibility
 - Treated as taxpayer
 - Use of Name and EIN of SMLLC



Effect of Employment Tax Changes

- Notice 99-6 obsolete Jan. 1, 2009
- Disregarded for other federal tax purposes
- No employees – no changes
- IRS.gov, Search “SMLLC”



Identity Theft Facts

- Rarely stand alone crime
- Costly
- Common types
 - Credit cards
 - Employment
 - Medical care
- Personally Identifiable Information



Identity Theft

- Effect on IRS
- Effect on taxpayers
- Prevention



Resources

- Search “Identity Theft” at www.irs.gov
- Contact Taxpayer Advocate Service at 877-275-8271
- Obtain Publication 4535 (EN/SP) – Visit www.ftc.gov
- Forward suspicious emails to phishing@irs.gov



Temporary and Proposed Regulation 115457-08

- New filing deadline
- K-1s issued 30 days before extension expires
- September 15 vs. October 15
- Effective for tax returns due on or after Jan. 1, 2009
- Business entities, tax year ending on or after Sept. 30, 2008; file certain forms



Comments on Proposed Regulation 115457-08

- Send comments electronically at <http://www.regulations.gov>
- Obtain Form 13285A



Automatic Mailing of Form 1040ES Discontinued

- Paid preparer
- Software
- E-file
- E-payment method



Automatic Mailing of 94X Packages Discontinued

- Used paid preparer for the previous quarter
- E-filed a return
- Used RAF (Reporting Agent Forum) agents



Resources

- E-news for Tax Professionals, March 31, 2008
- E-news for Small Business, April 2, 2008
- Headliner Volume 228, March 21, 2008
- SSA/IRS Reporter Summer 2008 & 2005
- www.irs.gov/formspubs



Online Payment Agreements

- Fully automated
- Interactive Web-based tool
- Immediate notification



Online Payment Options

- Payment in full
- Short-term extension
- Monthly payment plan
 - Direct debit
 - Payroll deduction, or
 - Routine IA (cash, check, money order)



Balance Due Notice Received

You will need:

- Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN)
- Personal Identification Number (PIN)
- Additional income and expense information



Balance Due Notice Not Received

You will need:

- Balance due
- Taxpayer/spouse identification number
- Date of birth
- AGI from last year's income tax return
- Total tax from last year's tax return
- Expense and income information



Online Payment Agreement Enhancements

- Revise payment due date and/or amount
- Revise to a DDIA
- Revise to a PDIA or DDIA



Access the OPA at www.irs.gov

Monday - Friday	6:00 a.m. - 12:30 a.m. EST
Saturday	6:00 a.m. - 10:00 p.m. EST
Sunday	4:00 p.m. - 12:00 a.m. (midnight) EST



Preparer Penalties Sections 6694 & 6695



Cancellation of Debt & Mortgage Forgiveness Debt Relief Act

- Cancellation of debt income
- Exceptions
 1. Insolvency
 2. Bankruptcy
 3. Qualified Farm Debt
 4. Qualified Real Property Business Debt
 5. Gift



Home Foreclosure Tax Consequences

- Mortgage Debt Relief Act of 2007
- IRS Publication 4681
- Form 1099-C
- Form 1099-S
- Form 982 Filing Requirement



Resources

- Visit [IRS.gov](https://www.irs.gov)
- Search: Mortgage Forgiveness



Automated Underreporter

- Comparison of 1040 returns, schedules and attachments
- Tax examiner manually screens return
- Notice CP-2000
 - Summary
 - Frequently Asked Questions
 - Response
 - Explanation



Responding to Notice CP-2000

- Respond by due date
- If agreed, check Option 1
- Sign response letter
- If disagreed, check Option 2 or 3
- Include a written, signed statement
- Attach complete explanation
- Use provided envelope and address



Unresolved Issues and Untimely Responses

- Statutory Notice of Deficiency
- Right to file a petition in Tax Court
- Respond to AUR unit
- Assessment made and case closed



How to Avoid Becoming Part of the AUR Program

- Do not group income amounts
- Provide an explanation of the incorrect data
- Avoid netting
- Correctly report income
- Include necessary documentation



Tax Law Updates



Questions?

